

**Exhibit A to**  
**Supplementary Amendment**  
**Definition of “Lease”**  
**From Black’s Law Dictionary**

# **Black's Law Dictionary<sup>®</sup>**

**Seventh Edition**

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Editor in Chief



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user (usu. a corporation). • A synthetic lease is treated as a loan for tax purposes and as an operating lease for accounting purposes, so that the "lessee" can deduct the property's depreciation and the loan's interest yet keep both the asset and the debt off its balance sheet.

**tax lease.** 1. The instrument or estate given to the purchaser of land at a tax sale when the law does not permit the sale of an estate in fee for nonpayment of taxes but instead directs the sale of an estate for years. 2. See *leveraged lease*.

**third-party equity lease.** See *leveraged lease*.

**timber lease.** A real-property lease that contemplates that the lessee will cut timber on the leased premises.

**top lease.** A lease granted on property already subject to a mineral lease, and taking effect only if the existing lease expires or terminates.

**unless lease.** *Oil & gas.* A lease that terminates automatically unless the lessee begins drilling operations or begins making delay-rental payments.

**lease, vb.** 1. To grant the possession and use of (land, buildings, rooms, movable property, etc.) to another in return for rent or other consideration <the city leased the stadium to the football team>. 2. To take a lease of; to hold by a lease <Carol leased the townhouse from her uncle>.

**lease agreement.** See LEASE (3).

**lease and release.** *Hist.* A method of transferring seisin without livery, whereby the owner and the transferee would enter into a lease for a term of years, to take effect only when the transferee entered the property, whereupon the owner would release all interest in the property to the transferee by written instrument. • Once the transferee owned both the term and the freehold interest, the two interests would merge to form one estate in fee simple. This lease-and-release procedure was fully acceptable to the courts, on the theory that livery of seisin to one already occupying the land was unnecessary.

**leaseback, n.** The sale of property on the understanding, or with the express option, that the seller may lease the property from the buyer immediately upon the sale. — Also termed *sale and leaseback*.

**lease contract.** See LEASE (3).

**lease for years.** See *tenancy for a term* under TENANCY.

**leasehold, n.** A tenant's possessory estate in land or premises, the four types being the tenancy for years, the periodic tenancy, the tenancy at will, and the tenancy at sufferance. • Although a leasehold has some of the characteristics of real property, it has historically been classified as a chattel real. — Also termed *leasehold estate*; *leasehold interest*. See TENANCY. Cf. FREEHOLD.

**leasehold improvements.** Beneficial changes to leased property (such as a parking lot or driveway) made by or for the benefit of the lessee. • The phrase is used in a condemnation proceeding to determine the share of compensation to be allocated to the lessee.

**leasehold interest.** 1. LEASEHOLD; esp., for purposes of eminent domain, the lessee's interest in the lease itself, measured by the difference between the total remaining rent and the rent the lessee would pay for similar space for the same period. 2. A lessor's or lessee's interest under a lease contract. UCC § 2A-103. 3. WORKING INTEREST.

**leasehold mortgage.** See MORTGAGE.

**leasehold mortgage bond.** See BOND (3).

**leasehold value.** The value of a leasehold interest. • This term usu. applies to a long-term lease when the rent paid under the lease is lower than current market rates. Some states permit the lessee to claim the leasehold interest from the landlord in a condemnation proceeding, unless the lease prohibits such a claim. Other states prohibit these claims by statute. See LEASEHOLD INTEREST; NO-BONUS CLAUSE.

**lease insurance.** See INSURANCE.

**lease-lend.** See LEND-LEASE.

**lease-purchase agreement.** A rent-to-own purchase plan under which the buyer takes possession of the goods with the first payment and takes ownership with the final payment; a lease of property (esp. equipment) by which ownership of the property is transferred to the lessee at the end of the lease term. • Such a lease is usu. treated as an installment sale. Under a capital lease, the lessee is responsible for pay-